

TO: WNCC Clergy & Congregations
FROM: R. Mark King, Conference Treasurer
RE: Health Benefit Rates 2017

The Conference Board of Pension and Health Benefits upon recommendation from the Health Benefits Subcommittee of the Board has approved the 2017 rate schedule for our Conference Active and Retiree Health Plans.

A WORD ABOUT HEALTH INSURANCE

As your new Conference Treasurer, please permit me to share a few thoughts on insurance. We can see in Acts 4: 32 and following that the early Christians were of one heart and mind, caring for each other so that none has need. I like to think that both our health plans and our pension plans are extensions of that spirit as we care for those who have answered the call vocationally to the ministry of the church. I speak of clergy serving in the churches and extension ministries as well as our lay staff who are under our plans. We are in a covenant to care for them which includes providing affordable and effective benefits.

As you know, the Western North Carolina Conference manages a self-funded health and dental plan. This has been our practice for a number of years even as alternatives have been and continue to be researched. We are the insurance company. Third party administrators, Healthgram and PharmAvail, assist in managing our plans. Our constituency is the conference clergy under appointment and retired as well as lay staff employees in the conference and district offices. Dependent coverage for the active plans is also a part of the mix. We pay claims as they are incurred, according to the coverage in the plans. We are seeing signs of improving healthiness among our pool and improved cost containment through the Wellness initiative and other venues. Your Board and Health Benefits Committee is committed to finding the most attractive and beneficial coverage possible within the most affordable financial constraints we can.

In preparing for the 2017 rates, we studied the claim history for the past twelve months, the current stop-loss scenarios, the trending for health care costs in our state, the costs of certain pharmaceuticals that could be eliminated or directed to alternatives and/or generic brands and other factors. Interesting enough, we discovered that those on the Active Basic Plan Plus are submitting claims and drawing benefits at higher payouts than the Active Basic Plan. Therefore, the Health Benefits Committee recommended and the Conference Board of Pensions approved an incremental rate increase between the plans.

ACTIVE AND RETIREE RATES FOR 2017

The Conference Board of Pension and Health Benefits, on recommendation of the Health Benefits Committee, has approved the following rates for 2017 for our active and retiree plans. You will note a small increase in the active health rates of 5% for the Active Basic Plan and 7% for the Active Basic Plus Plan for the clergy/employee participant ONLY. There is NO increase for dependent coverage. Once again, we are pleased to announce that the Retiree Plan will see NO increase for 2017.

In determining these health rates, the following factors were considered by the Committee and the Board:

- The national trend in healthcare continues to experience increases even with the Affordable Care Act. According to the *Raleigh News and Observer* on May 31,

2016, Blue Cross/Blue Shield of North Carolina sought an 18.8% increase and Aetna sought 24.5% for 2017.

- The Board and conference staff continue to monitor the Affordable Health Care Act for our applicable charges and fees. Our fees for 2015 totaled \$47,980.
- Over the initial seven months of 2016, we are experiencing greater expenses over revenue, which is not atypical, but we must plan accordingly for both actual and trending projections.
- We are thrilled that more individuals and families are participating in the Wellness Program. Yet, that also has a cost factor of which we must attend.
- We are again making some changes in the pharmaceutical component of our plan of which PharmAvail will be communicating directly with those impacted.

The following rate table has been approved as the billed rates for 2017.

Contributor	Monthly	Annual
Church:		
Basic Plan	\$ 955.50	\$ 11,466
Basic Plus Plan*	\$ 955.50	\$ 11,466
Clergy		
Additional cost of Basic Plus*	\$ 218.25	\$ 2,619
For spouse (Basic Plan)	\$ 673	\$ 8,076
For spouse (Basic Plus Plan)	\$ 720	\$ 8,640
For child(ren) (Basic Plan)	\$ 349	\$ 4,188
For child(ren) (Basic Plus Plan)	\$ 350	\$ 4,200
For family (Basic Plan)	\$ 974	\$ 11,688
For family (Basic Plus Plan)	\$ 1,066	\$ 12,792
Retirees		
Without Medicare (< 65)**	\$ 955.50 / \$ 1,173.75	\$ 11,466 / \$ 14,085
Medicare prior to 1/1/2003	\$ 97	\$ 1,164
Retiree > 65 after 1/1/2003		
With less than 10 yrs of service	\$ 162	\$ 1,944
With 11 to 49 yrs of service	\$ 160 - \$ 99 ***	\$ 1,920 - \$ 1,188 ***

*Clergy who opt for Basic Plus pay the difference between two Active Plans (\$2,619).

**Basic Plan / Basic Plus Plan

*** This range is on a sliding scale with years of service, from 99% to 61% of the premium.

For retirees, this premium is based on the number of years of service in Western North Carolina Conference. A retiree prior to 1/1/2003 is billed 60% of the total premium. This is based on the action of the 2002 Annual Conference, incorporating a sliding scale rate for health benefits in conjunction with the years of service.

Please also bear in mind that since 2010 as approved by the 2009 Annual Conference, the clergy do contribute a percentage of the health benefit rate to the plan, thereby reducing the cost of health benefits to the local church. With the addition of plan options in 2015, pastors also contribute the **differential** in cost (premium) if they choose the Basic Plus Plan. (Pastor's Contribution to Health Benefits document can be found on the Conference administrative website, benefits page.

FLEXIBLE SPENDING ACCOUNTS

As introduced in 2016, the Conference will again be sponsoring a **Flexible Spending Account Plan** for each of our clergy persons **eligible for and participating in either of our active health plans** in 2017.

In order to offer this benefit for the whole conference, we have received compliance directives from the general counsel at Healthgram, who administers our insurance and FSA plans, that in order to offer the Conference FSA Plan, it must be the **ONLY** FSA plan for those covered by our Health Benefits (both active plans) to participate. This is because the health insurance plans are a part of the WNCC's Section 125 Cafeteria Plan and thus the only avenue to offer a valid FSA arrangement.

Our plan, as managed by Healthgram, fully complies with the Internal Revenue Code Section 125. Furthermore, the conference pays the fees for administrating this plan—something we **DO NOT** pass along to the churches and agencies. Finally, the plan goes along with the clergyperson regardless of appointment changes.

For lines 2b, 2c, 2d and 2e of the Clergy Compensation forms, only those who are participating in Conference benefit options (dependent health coverage, life insurance, medical and dependent flexible spending accounts) will be allowed to complete and submit the appropriate amounts on those lines. This is due to these items falling under the Conference's Section 125 Plan.

If you have any questions regarding the above or other benefits related items, please contact Dale Bryant, the Conference Benefits Administrator or myself as your Conference Treasurer either via phone or email. Furthermore, it is my intention to travel to each of the eight districts this fall for a "meet-and-greet" (to be coordinated with district offices) and to address benefits including the flexible spending account program. These will be announced in each district. Also, there will be posted on the Conference Administrative Web-Site a video highlighting our benefit plans.